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MOBILIZE ALL OUR FORCES TO BUILD CHINA INTO A GREAT SOCIALIST COUNTRY!

— Theses for Study and Propaganda of the General Line of the Communist Party of China in the Transition Period —

为动員一切力量把我国建設成为
一个偉大的社会主义国家而斗爭!

— 关于党在过渡时期总路線的学習
和宣傳提綱 —

（英　文）

GENERAL OFFICE OF THE CENTRAL COMMITTEE
OF THE COMMUNIST PARTY OF CHINA

中共中央办公厅印

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(Approved by the Central Committee of the Communist Party of China. Issued by the Propaganda Department of the Central Committee of the Communist Party of China in December 1953)

I. THE PARTY'S GENERAL LINE IN THE TRANSITION PERIOD

(1) The whole Chinese revolutionary movement led by the Communist Party of China has two stages — the new-democratic revolution and the socialist revolution.

In the first stage, the task of the Chinese revolution was for the masses of the people under the leadership of the working class to overthrow the rule in China of imperialism, feudalism and bureaucrat-capitalism and transform China's semi-colonial and semi-feudal society into a new-democratic society. This task has already been successfully completed. The founding of the People's Republic of China marked the virtual completion of the first stage of the Chinese revolution and the beginning of the second.

In the second stage, the task of the Chinese revolution is to build a socialist society in China.

Discussing this development and transition of the whole Chinese revolution, Comrade Mao Tse-tung pointed out:

> "The first step in, or the first stage of, this revolution is certainly not, and cannot be, the establishment

of a capitalist society under the dictatorship of the Chinese bourgeoisie; on the contrary, the first stage is to end with the establishment of a new-democratic society under the joint dictatorship of all Chinese revolutionary classes headed by the Chinese proletariat. Then, the revolution will develop into the second stage so that a socialist society can be established in China."

(Mao Tse-tung: On New Democracy)

He also pointed out:

". . . the whole Chinese revolutionary movement led by the Chinese Communist Party is a complete revolutionary movement embracing the two revolutionary stages, democratic and socialist, which are two revolutionary processes differing in character, and that the socialist stage can be reached only after the democratic stage is completed. The democratic revolution is the necessary preparation for the socialist revolution, and the socialist revolution is the inevitable trend of the democratic revolution. And the ultimate aim of all Communists is to strive for the final building of socialist society and communist society."

(Mao Tse-tung: The Chinese Revolution and the Chinese Communist Party)

When we say that the character of the revolution has changed, that the stage of new-democratic revolution has, in the main, come to an end and the stage of socialist revolution has begun, we have in mind the change in state power, that is, the collapse of the counter-revolutionary Kuomintang regime and the founding of the People's Republic of China. We do not mean that such a great task as socialist transformation can be started in all fields throughout the country immediately after the founding of the People's Republic. No, we never meant that. At

that time, we still had to resolve the contradiction between feudalism and democracy, that is, the conflict between landlords and peasants in China's vast countryside. The main contradiction in China's villages then was the contradiction between feudalism and democracy, and not the contradiction between capitalism and socialism; we therefore needed two or three years to carry out land reform in the countryside. We did in fact carry out democratic land reform in the rural areas, while in the cities we immediately set about taking over enterprises belonging to bureaucrat-capitalists and converting them into socialist enterprises. We set up state banks of a socialist character; in every part of the country we began to establish socialist commercial enterprises owned by the state as well as co-operative commercial enterprises. During the last few years we also set about transforming private-capitalist concerns into various forms of state-capitalist enterprise. All this illustrates the complexity of conditions in China during the first few years of the transition period.

(2) The task of the second stage of the Chinese revolution is to build a socialist society in China, to completely wipe out capitalist factors in both city and countryside. This revolutionary task is not, however, to be achieved through the overthrow of the existing state power and the establishment of a new one; it is to be achieved through the gradual expansion of the socialist factors and the gradual transformation of the non-socialist factors, guided from above by the existing state power, the people's democratic dictatorship led by the Chinese Communist Party and working class, and directly supported from below by the broad masses of the people and, first and foremost, by the great bulk of the workers and peasants. This revolution is guided from above because the state power of people's democratic dictatorship set up after the successful conclusion of the new-democratic revolution is led by the Chinese Com-

munist Party and working class, and the basic task of such a state power is, immediately after the completion of the task of the democratic revolution, to lead the working people of the country to create conditions and take measures to gradually establish a socialist society in which there will be no exploitation and no classes.

(3) The new-democratic society, which came into being after the successful conclusion of the task set for the first stage of the Chinese revolution, is transitional in character. The period from the founding of the People's Republic of China to the establishment of a socialist society is a historical period of transition from the new-democratic society to a socialist society. In other words, it is a period during which the existing capitalist economy and small-commodity economy will be transformed into a socialist economy, and the existing socialist sector of our economy will expand so that the socialist economy will be basically the only economic foundation of our country. Since our revolution in its first stage is a revolution waged by the people under the leadership of the working class against imperialism, feudalism and bureaucrat-capitalism, the new-democratic society set up after the triumph of this revolution cannot but have socialist factors and non-socialist factors existing side by side.

In our new-democratic society there are five sectors of the economy: state, co-operative, individual farming and individual handicraft, state-capitalist, and private-capitalist. Of these, the state sector is socialist in character, and the co-operative sector is either socialist in character (like supply and marketing co-operatives, consumers' co-operatives, credit co-operatives, collective farms and some handicraft co-operatives) or semi-socialist (like the existing agricultural producers' co-operatives in general and certain other handicraft co-operatives). In the conditions prevailing in China, part of the state-capitalist sector of the economy is to a certain extent (and here conditions vary) also socialist in character. The so-

cialist sector, coupled with its leading role in the national economy as a whole, is the socialist factor in the economic life of our new-democratic society.

In China's new-democratic society there are the working class, the peasantry and other petty bourgeoisie, and the national bourgeoisie, and we have already set up a state power of people's democratic dictatorship led by the working class and based on the worker-peasant alliance. The leadership exercised by the working class and the state power of the people's democratic dictatorship led by it are the socialist factors in the political life of our new-democratic society. Comrade Mao Tse-tung pointed out that the whole outcome of China's new-democratic revolution

> ". . . will be the development of the capitalist factors on the one hand, and of the socialist factors on the other. What are the socialist factors? They are the growing political influence of the proletariat and the Communist Party in the whole country; the leadership of the proletariat and the Communist Party that has been or may be recognized by the peasantry, the intelligentsia and the urban petty bourgeoisie; and the state enterprises of the democratic republic and the co-operatives of the labouring people. All these are the socialist factors."
>
> *(Mao Tse-tung: The Chinese Revolution and the Chinese Communist Party)*

Socialist factors occupy a leading position both in the economic and political life of China's new-democratic society, though non-socialist factors are, proportionately, still considerable. In China's new-democratic society there is a struggle between the socialist and non-socialist factors. The constant expansion and ultimate triumph of the socialist factors, and the constant reduction, transformation and ultimate elimination of the non-socialist

factors is determined by the superiority and leading position enjoyed by the socialist factors, as well as assistance from the Soviet Union and the favourable international situation as a whole. All this shows that China's new-democratic society belongs to the socialist system and that it is a society in the process of transition from new-democracy to socialism.

Marx said in his *Critique of the Gotha Programme*: "Between capitalist and communist society lies the period of the revolutionary transformation of the one into the other." Lenin said:

> "Theoretically, there can be no doubt that between capitalism and communism there lies a definite transition period. It cannot but combine the features and properties of both these forms of social economy. This transition period cannot but be a period of struggle between moribund capitalism and nascent communism. . . ."
>
> *(Lenin: Economics and Politics in the Era of the Dictatorship of the Proletariat)*

Lenin also said:

> "But what does the word 'transition' mean? Does it not mean, as applied to economics, that the present order contains elements, particles, pieces of both capitalism and socialism? Everyone will admit that it does."
>
> *(Lenin: "Left - Wing" Childishness and Petty-Bourgeois Mentality)*

Moreover, Lenin said, in the transition period "the basic forms of social economy are capitalism, petty commodity production and communism. The basic forces are the bourgeoisie, the petty bourgeoisie (particularly the peasantry) and the proletariat." *(Economics and Politics in the Era of the Dictatorship of the Proletariat)*

The reality of present-day China, like the history of the period following the October Revolution in the Soviet Union, proves the theses as expounded by Marx and Lenin to be entirely correct.

(4) It is necessary for China to have a historical period of gradual transition from new-democracy to socialism, and this will be a fairly long period, because:

a) Our economic and cultural backwardness makes it necessary to have a fairly long period in which to create both the economic and cultural prerequisites for ensuring the complete victory of socialism in China.

b) It takes a fairly long period to transform the individual farming and individual handicrafts which form an overwhelming proportion, and capitalist industry and commerce which forms a considerable proportion, of our national economy.

Lenin said that the objective of the proletariat is

> ". . . to build socialism, to abolish the division of society into classes, to make all members of society working people, to remove the basis for any kind of exploitation of man by man. This object cannot be achieved at one stroke. It requires a fairly long period of transition from capitalism to socialism, because the reorganization of production is a difficult matter, because radical changes in all spheres of life need time, and because the enormous force of habit of petty-bourgeois and bourgeois dealings can be overcome only by a long and stubborn struggle."
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> *(Lenin: Greetings to the Hungarian Workers)*

Stalin said:

> ". . . the dictatorship of the proletariat, the transition from capitalism to communism, must not be regarded as a fleeting period of 'super-revolutionary' acts and decrees, but as an entire historical era. . . . This historical era is needed not only to create the

economic and cultural prerequisites for the complete victory of socialism, but also to enable the proletariat, firstly, to educate itself and become steeled as a force capable of governing the country, and, secondly, to re-educate and remould the petty-bourgeois strata along such lines as will assure the organization of socialist production."

(Stalin: The Foundations of Leninism)

It is by basing itself upon the Marxist-Leninist theory of transition from capitalism to socialism and by taking into account the specific conditions in China that the Communist Party of China has drawn up the general line and specific measures and steps for China's gradual transition to socialism.

(5) The resolution adopted by the Seventh Central Committee of the Communist Party of China at its second plenary session (convened in March 1949) defined the main content of the general line and fundamental task in the transition period. This resolution pointed out that, after the successful conclusion of China's new-democratic revolution, the task is

". . . to rapidly restore and develop production and cope with foreign imperialism, so as to ensure that China will steadily transform itself from an agricultural into an industrial country, from a new-democratic state into a socialist state."

The resolution further stated:

"Although modern industry only produces about 10 per cent of the total output of China's national economy, it is, nevertheless, extremely concentrated. The largest and most important part of all capital in the country is concentrated in the hands of the imperialists and their lackeys, the Chinese bureaucrat-capitalists. By confiscating this capital, and turning it into the property of the People's Republic

led by the proletariat, the People's Republic will be able to control the economic life of the country, and turn this expropriated capital into a leading element of China's national economy as a whole. This sector of the economy will be socialist in character, not capitalist. . . .

"It will be necessary for us, over a fairly long period after the victory of the revolution, to make full use of the positive side of private capitalism in both city and countryside to promote the growth of the national economy. . . . But the existence and development of capitalism in China, and the existence and development of free competition and free trade will not be unrestricted, nor will it be allowed to run amuck, as in capitalist countries. . . . It will be controlled from several sides."

The resolution also pointed out:

"The individual and scattered farming economy and handicraft economy, which make up 90 per cent of China's national economy, can and must be given careful and positive guidance so that they may develop gradually in the direction of modern, collective ways of production. It is wrong to let them drift. We must organize producers', consumers' and credit co-operatives as well as leading organs for these co-operatives on central, provincial, county, district and township levels. . . . If the national economy only has a state sector and no co-operative sector, we will not be able to lead the individual economy of the working people in a gradual advance to collectivization, to develop our new-democratic country into a socialist country in the future, or to consolidate the proletariat's leadership in the state power. . . .

"It is inevitable that the adoption of a policy of restricting private capitalism will meet with opposition from the bourgeoisie; this may take different

forms and vary in degree. . . . Restriction and opposition to restriction is bound to be the chief form which class struggle will take in our new-democratic country. . . .

"There will still exist two basic contradictions in China following the nation-wide successful conclusion of the Chinese revolution. First, the internal contradiction between the proletariat and the bourgeoisie. Second, the external contradiction between China and the imperialist countries. It is because of this that, following the triumph of the people's democratic revolution, there must be no weakening of the state apparatus of the People's Republic led by the proletariat. On the contrary, it must be strengthened."

The guiding spirit of this resolution is also appropriately reflected in the articles related to economic policies set forth in the Common Programme of the Chinese People's Political Consultative Conference. The great victories gained after the founding of the People's Republic of China in wiping out remnants of the Kuomintang army, in unifying the country, in launching the Movement to Resist U.S. Aggression and Aid Korea, in carrying out the land reform, in suppressing counter-revolution, in restoring production, in increasing production and practising economy, in waging the *san fan* and *wu fan*[1] struggles to beat back the attacks of the bourgeoisie, in remoulding the ideology of the intellectuals, in carrying out many other democratic reforms — all these victories are the result of the correct implementa-

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[1] *San fan*, a movement against the "three evils" of corruption, waste and bureaucratism among government workers. *Wu fan*, a movement against "five evil capitalist practices": bribery of government workers, tax evasion, theft of state property, cheating on government contracts and stealing economic information.

tion of the above-mentioned Party resolution and the Common Programme.

In the first three years of the transition period, the people's democratic dictatorship has been consolidated, the socialist sector has increased in proportion to the whole national economy, its leading role has been firmly established and strengthened, and the economic rehabilitation of the country has in the main been completed.

Since 1953, China has passed from the stage of economic rehabilitation to the stage of planned economic construction and of systematic transformation of the non-socialist sectors of the national economy. That is why it is necessary for the Party to define the general line for the transition period more clearly and more concretely.

(6) Comrade Mao Tse-tung gave the following directive concerning the general line of the Party during the transition period:

> "From the founding of the People's Republic of China to the basic completion of socialist transformation is a period of transition. The Party's general line and fundamental task during the transition are, within a relatively long period, to bring about, step by step, the socialist industrialization of the country and to accomplish, step by step, the socialist transformation by the state of agriculture, handicrafts and capitalist industry and commerce. This general line is a beacon which illuminates all branches of our work. Any departure from it will result in Rightist or 'Leftist' errors."

To carry out the Party's general line in the transition period, we must fully develop socialist industries and transform all existing non-socialist industries into socialist ones. The purpose of all this is to transform China from an industrially underdeveloped and backward agricultural country into an advanced industrial country, and make socialist industry the leading force and decisive

factor in the development of our entire national economy. To realize the Party's general line in the transition period means that we must extend the scope of socialist ownership by the whole people and collective ownership by members of the co-operatives; that we must transform private ownership based on the individual labour of the peasants and handicraftsmen into collective ownership by co-operative members, and transform private-capitalist ownership based on the exploitation of the surplus labour of the working class into ownership by the whole people.

The tasks of developing socialist industry and bringing about socialist transformation are interrelated and inseparable. Socialist industry is the material basis for carrying out the socialist transformation of the entire national economy, so it must be powerful enough to draw in, reconstruct and replace capitalist industry, to support socialist commerce, to transform and replace capitalist commerce, to use new techniques to transform individual farming and individual handicrafts, to expand production at the fastest pace, accumulate capital, train personnel for socialist construction and cultivate socialist habits, thereby creating the economic, cultural and political prerequisites to ensure the complete victory of socialism. On the other hand, if instead of carrying out socialist transformation of capitalist industry and commerce and individual farming and individual handicrafts, we let them drift, the result will be that they will not give serious support to the development of socialist industry, and inevitably all kinds of contradictions will arise between them and the cause of socialist industrialization. In that case, we shall certainly be unable to achieve our final goal of socialist industrialization and the fundamental aims of the Party's general line in the transition period.

The essence of the Party's general line during this period is to make socialist ownership of the means of

production the sole economic basis of the country and society. It is imperative for us to do so, because only by completing the transition from private ownership of the means of production to socialist ownership can we facilitate the rapid development of the social productive forces and bring about a technological revolution. This will bring about a change in the largest sector of our social economy whereby simple, out-of-date tools and farm implements will be replaced by all kinds of machines, including the most up-to-date. Then we shall be able to turn out industrial goods and agricultural products on a massive scale to satisfy the ever-increasing needs of the people and raise their living standards, effectively strengthen our national defences to oppose imperialist aggression, and consolidate the people's power to the point where no counter-revolutionary come-back is possible.

It will probably need three five-year plans, about 15 years, to accomplish this task (that is, counting from 1953, this task will be basically completed in 1967; if we add the three years of economic rehabilitation, the whole period will cover 18 years, four of which have already passed). By 1967, China will practically become a great socialist country.

This is a great and glorious task that confronts the Party and the people — to mobilize all available forces for building our country into a great land of socialism.

II. WORK FOR THE SOCIALIST INDUSTRIALIZATION OF OUR COUNTRY

(1) Although modern industry has developed to a certain extent in our country, the industrial base we inherited from the old China is extremely backward and weak. During the last century or so, our country was weak and our people impoverished because of the back-

wardness of our economy; this was also the reason why China was the victim of aggression and oppression by the capitalist-imperialist powers.

Industry accounts for only a small proportion of our national economy. In 1949, the value of output of industry using machinery made up about 17 per cent of the total value of the country's industrial and agricultural output while the rest fell to the share of agriculture and its subsidiary occupations, individual handicrafts and handicraft workshops. Our old industry was colonial and semi-colonial in character. Such industry as we had mainly consisted of some light industrial enterprises while the few heavy industrial plants were incoordinated, in disrepair and not economically independent; most of the latter consisted merely of repair shops built by the imperialist powers in China to service steamships, railways, etc., and some factories and mines which were only set up to supply raw materials and semi-finished products to the imperialist powers. The foundation of our iron and steel industry was very shaky; there were no engineering plants worthy of the name and no modern defence industry. Capitalist industrial enterprises made up quite a large proportion of our modern industries. In 1949, state-owned industries only made up about 34 per cent of the total value of industrial output, whereas private industries produced about 63 per cent. (Co-operative and joint state-private industries together produced about 3 per cent.) Such was the picture of our industry when the transition period began.

In the three-year rehabilitation period (1950-1952), our economy made some progress. In 1952, modern industries using machinery accounted for about 28 per cent of the total value of industrial and agricultural output, while agriculture and its subsidiary occupations, individual handicrafts and handicraft workshops produced about 72 per cent. State-owned industries produced about 51 per cent of the total industrial output value, and

capitalist industries about 40 per cent. (Co-operative and joint state-private industrial enterprises together accounted for 9 per cent.) In other words, our modern industries have made notable advances; but they still made up less than three-tenths of the total value of industrial and agricultural output. State-owned industrial enterprises have gained a superior position in modern industries but capitalist industrial enterprises still account for a considerable proportion of output. (The above figures are based on the preliminary estimates compiled by the State Statistical Bureau in March 1953.)

In terms of development of the national economy, ours is still a poor, backward agricultural country. We cannot produce motor-cars, tractors, aeroplanes, heavy machinery or precision instruments. We have no modern defence industry to speak of. In 1952, our yearly output of steel averaged 2.4 kilogrammes per capita, while in the Soviet Union it was more than 150 kilogrammes; our yearly output of cotton cloth was about 9 metres per capita, while in the Soviet Union it was about 23 metres.

After the victory of the revolution, the basic task confronting our Party and the people throughout the country is, therefore, to change this economic situation, to convert an economically poor and backward agricultural country into a powerful and prosperous socialist industrial country. To achieve this end, it is necessary to carry out the socialist industrialization of the country so that we shall have a powerful heavy industry capable of manufacturing every kind of industrial equipment we need. This will enable modern industry to play to the full its role in guiding the national economy, to occupy a dominant position in the production of industrial and agricultural wealth and make socialist industry the only type of industry in our country.

Socialist industrialization will facilitate the modernization of agriculture, communications and trans-

port, enable us to build up and strengthen our modern national defences, and ensure the gradual transformation of all non-socialist factors in our economy. It will also accelerate the development of socialist commerce, greatly strengthen the worker-peasant alliance, enhance the economic and financial power of the country, increase the income of the people, and continuously raise the material and cultural levels of the people. Stalin said:

> "Industry is the main foundation of our entire national economy, including agriculture; it is the key to reconstruction of our backward and scattered system of agriculture on a collectivist basis."
>
> *(Stalin: Industrialization of the Country and the Right Deviation in the C.P.S.U. (B.))*

He also said:

> "The industrialization of the country would ensure its economic independence, strengthen its power of defence and create the conditions for the victory of socialism in the U.S.S.R."
>
> *(History of the Communist Party of the Soviet Union (Bolsheviks), Short Course)*

Comrade Mao Tse-tung said: "Without industry there can be no solid national defence, no people's welfare and no national prosperity and power." *(On Coalition Government)*

We must, step by step and at a suitable rate, bring about the socialist industrialization of our country. We must do this, because imperialism is seriously threatening our national security and world peace, because the counter-revolutionary classes and political parties and factions overthrown by us are daily and hourly scheming to stage a come-back and to overthrow the people's revolutionary power with the help of the imperialists, because we are still very backward economically and

technologically, and because our people are far from enjoying a prosperous life. The task of the First Five-Year Plan is to lay a solid foundation for achieving the socialist industrialization of our country.

(2) The central link in socialist industrialization lies in the development of state heavy industry on the basis of which we carry out the industrialization of the country and the modernization of national defence. Stalin said:

> "Not every kind of industrial development is industrialization. The centre of industrialization, the basis for it, is the development of heavy industry (fuel, metal, etc.), the development, in the last analysis, of the production of the means of production, the development of our own machine-building industry."
>
> *(Stalin: The Economic Situation of the Soviet Union and the Policy of the Party)*

Only after we have built our heavy industry can we obtain the necessary equipment for the development and reconstruction of all branches of industry, transport and agriculture.

In the past, our heavy industry had an extremely weak foundation; we were not independent economically, and could not consolidate our national defence. Consequently, the imperialist countries all came to bully us. The Chinese people have had enough of this. If we do not build up our heavy industry now, the imperialists will certainly come and bully us again. The fact that we had practically no heavy industry was also responsible for the backwardness in our communications and transport. Our whole vast country had only a little over 20,000 kilometres of railway lines; we could not make locomotives ourselves, while most of the rails had to be imported. There were only 75,000 kilometres of high-

ways open to motor traffic before the liberation, and the small number of cars and lorries plying the roads were all imported. Inland and sea navigation was not developed, with only a small number of out-of-date steamers plying between inland ports and practically no ocean-going steamers at all. We had no aviation which we could call our own. If we do not build up our own heavy industry, our transport services will remain in their present dilapidated state.

We had a few light industries, but they fell far short of satisfying the needs of the people. Moreover, the lack of heavy industry made it impossible for us to manufacture the machines required by our light industries, and especially to manufacture precision instruments. If we do not build up our heavy industry, we will not be able to replace or renovate the light industrial equipment we have at present when it gradually wears out. It will also be difficult for us to expand existing light industries or build up new ones.

Owing to lack of heavy industry in our country, we used practically no machines and very little chemical fertilizer in agriculture. If we do not develop our machine-building and chemical industries now, our peasants will for a long time to come be unable to get new-type farm implements and machines or more and better chemical fertilizer, and this will cause difficulties in expanding co-operation in agriculture and increasing agricultural output.

All this shows that the pivot of socialist industrialization is the development of heavy industry. The capitalist countries began by expanding their light industries, and generally they achieved industrialization in approximately 50 to 100 years. The Soviet Union adopted the policy of socialist industrialization by expanding heavy industry in the first place and achieved industrialization in a little more than ten years (from 1921 to 1932 when the First Five-Year Plan was completed). The path

taken by the Soviet Union sets the example that we will follow. The Soviet Union's success in socialist industrialization by starting with heavy industry enabled it to defeat the fascist aggressors of Germany and Japan in the Patriotic War of 1941-1945, whereby it became the first mighty socialist power in the world. On the strength of its heavy industry, the Soviet Union came to possess machine-building, motor-car, aircraft and tractor industries as well as all those modern industries connected with national defence. It also made it possible for communications, transport and light industries to develop continuously and vigorously, and supplied agriculture with various types of new machines and chemical fertilizer, which contributed to the speedy collectivization in agriculture.

In carrying out socialist industrialization, our country is basing itself precisely on the Soviet experience of starting with heavy industry. Naturally, while concentrating our efforts on developing heavy industry, we must at the same time develop communications, transport, light industries, agriculture, commerce, culture and education in a proportionate and planned way. Without a proportionate advance in these fields, it will be impossible to improve the living conditions of the people and meet their numerous needs; neither will it be possible to expand heavy industry and bring about the industrialization of our country.

(3) To make socialist industrialization a reality, we must first and foremost expand state-owned industries. State-owned communications and transport enterprises, state and co-operative trade must also be developed, while co-operation in agriculture and handicrafts and the transformation of capitalist industry and commerce must be achieved gradually. We must ensure a continuous growth of the socialist sector in the national economy. Stalin said:

"But we do not need just any kind of industrialization. We need the kind of industrialization that will ensure the growing preponderance of the *socialist forms of industry* over the *small-commodity* and, still more, over the *capitalist* forms of industry. The characteristic feature of our industrialization is that it is *socialist* industrialization, an industrialization which guarantees the victory of the *socialized* sector of industry over the *private* sector, over the small-commodity and capitalist sector."

(Stalin: Political Report of the Central Committee to the Sixteenth Congress of the C.P.S.U. (B.))

In order to expand our socialist industries, we must, on the one hand, make vigorous efforts to build new socialist industries (new factories and mines) and, on the other hand, improve the existing ones and run them well. Whenever necessary and possible, we must expand and reconstruct these industries, make full use of them, improve their conditions of production and raise their labour productivity. The great majority of the socialist industries now being built in China are heavy industries which serve as a foundation for the industrialization of our country. They are large enterprises equipped with the most up-to-date machinery and are the life-line of our country. This major effort to build new socialist industries is of great significance because only by building these new industries can we bring about a technical revolution and so reconstruct our economy, and place our industry, transport and agriculture on a highly developed technical basis. It follows, therefore, that while building factories we must see to it that capital construction is well carried out, and everything conforms to the principle of "quality first" and is done in a "good, economical and speedy way, with due regard to safety." We must transfer capable cadres to the newly-built big enter-

prises, intensify our political education among workers engaged in capital construction, popularize advanced experience gained in capital construction, and fulfil capital construction plans according to schedule or even ahead of it. Equally important to the cause of socialist industrialization are the reconstruction, efficient operation and full utilization of existing industries.

Some of our comrades complain that new factories are not being built in the places where they work and so are rather discontented with their jobs in existing factories. They are entirely in the wrong. They should realize that enormous potentialities remain to be tapped in the existing socialist industries and their labour productivity and the utilization rate of equipment can be greatly increased. They would be making a great contribution to the industrialization of the country if they did something to improve existing socialist industries.

We must improve the management of these industries, improve the techniques they use, improve planning and technical supervision, enforce business accounting so as to reduce costs and raise the quality of manufactured goods, and, as quality is improved, make attempts to increase production. We must thus fulfil and overfulfil state plans in every regard so as to satisfy the ever-increasing demands of the country and the people for means of production and necessities of life.

Existing factories and industrial centres will have to shoulder the main share of responsibility in industrial production for a fairly long time. In addition, they will have to assist the construction of new factories and new industrial centres, i.e., supply new factories and mines with machinery and equipment, as well as cadres and technicians, and accumulate capital required for the expansion of new industries.

Existing capitalist industries are, likewise, faced at present with a great responsibility in producing manufactured goods and building new industries. At the pres-

ent time labour productivity and the utilization rate of equipment in these enterprises are very low, and there is much waste of capital. A serious effort must be made to improve their management, raise the quality of their products, and, according to the needs of the country, to increase production, train technical personnel and accumulate capital. To do this, we must transform these enterprises step by step along socialist lines. Only when we have completed the socialist transformation of capitalist industries and handicrafts can we complete the socialist industrialization of our country.

(4) The basic task of our First Five-Year Plan is to centre our main efforts on developing heavy industry and so lay the foundation for the country's industrialization and the modernization of our national defences. In keeping with this, the Plan sets the task of training personnel for construction; developing communications and transport, light industry, agriculture and trade; systematically promoting co-operation in agriculture and handicraft production; continuing with the transformation of capitalist industry and commerce while at the same time turning to good account the contribution of individual farming and individual handicrafts and of capitalist industry and commerce; ensuring the steady growth of the socialist sector in our national economy, and on the basis of expanding production, bringing about a gradual improvement in the material and cultural life of the people. The successful completion of our First Five-Year Plan will mark a big step forward in the socialist industrialization of our country. According to the draft programme of our First Five-Year Plan, the total industrial output of our country by 1957 (as preliminary estimates of the State Planning Commission show) will have been doubled as compared with 1952, that is, there will be an average annual increase of about 15 per cent. The output of state-owned industries (including those run by the local authorities) will have increased by approximate-

ly 150 per cent, that is, an average increase of 20 per cent per annum. The share accounted for by modern industry in the total industrial and agricultural production of the country will have increased to about 40 per cent. We will have about 30 per cent more foodstuffs and about 34 per cent more cotton.

During the period of the First Five-Year Plan, the Soviet Government will help us build or renovate 141 large-scale projects, including integrated iron and steel works, non-ferrous metallurgical plants, power stations, coal mines, oil refineries, machine tool and engineering factories, motor works, tractor works and chemical factories. These factories will start production between 1953 and 1959. According to preliminary estimates of the State Planning Commission, by the end of the First Five-Year Plan (in 1957), the annual output of our main industrial products will be as follows: pig iron, 4,600,000 tons; steel, 4,500,000 tons; steel products, 3,150,000 tons; coal, 93,000,000 tons; petroleum, 1,650,000 tons; electricity, 16,000 million KWH; nitrogenous fertilizer, 510,000 tons; cotton yarn, 1,050,000 tons; cotton cloth, 7,300 million metres. There will be a great development in other industries as well. By 1959 when all of the 141 large-scale enterprises constructed or renovated during the First Five-Year Plan are completed and put into production, industry will, according to estimated capacity, be producing from 5.2 to 5.8 million tons of steel, 90,000 lorries, 15,000 tractors and about 100 million tons of coal a year. We shall be able to make ourselves every kind of machinery except the heaviest kinds and those with the highest precision standards. By then, we shall have laid a solid foundation for the industrialization of our country.

So far as the output of certain important products is concerned, our industry in 1959 will be approximately on a par with that of the Soviet Union in 1932 or that of Japan in 1937. The fulfilment of our First Five-Year

Plan and the completion of the factories built during the period of the Plan will lay a firm foundation for our industrialization. The whole face of our country and its economic condition will have changed fundamentally in about 15 years (1953-1967) when it will have in the main become a socialist country. By then we shall have our own gigantic iron and steel industry, machine-building industry and modern defence industry. We shall have large numbers of home-produced motor-cars, aeroplanes, locomotives, steamships and agricultural machinery, a better and more developed light industry and modern transport and agriculture. The technological level of our country will be much higher than at present. Our country will be more prosperous and stronger, and the material and cultural life of our people will be much improved.

(5) Under the leadership of the Communist Party of China and Comrade Mao Tse-tung, our people will certainly be able to accomplish successfully the socialist industrialization of the country. China has a population of more than five hundred million. The people have a great revolutionary tradition and fervently love their motherland; they are industrious, and have long yearned to shake off their poverty and backwardness. Their spirit of initiative and creativeness gives them unbounded strength. In the last few years our workers showed an exceptionally high sense of patriotism and enthusiasm for work in the period of economic recovery and in the drive for increased output and economy. We have a solid worker-peasant alliance, with millions upon millions of peasants ardently supporting the cause of industrialization. We have rich natural resources. Large numbers of our cadres are studying or are going to study industrial management. We can learn from the advanced Soviet experience, and directly receive Soviet equipment and technical assistance from

Soviet experts. All these are favourable conditions for carrying out the industrialization of our country.

This does not mean, however, that there will be no difficulties. Our industries have weak foundations; we are technically backward; we are not clear about the extent of our natural resources; we lack sufficient funds and industrial cadres. Moreover, small peasant farming and individual handicraft production still lie like a vast ocean in our national economy; capitalist economy still constitutes a great part of our national economy and the educational level of the people generally is low. All these are difficulties that we face.

Furthermore, our industrialization must start with the development of heavy industry as its focal point. This requires large capital investments and yet brings in small profits and promises no quick returns; its products cannot directly satisfy the need of the people for consumers' goods. So we cannot but economize on food and clothing and put up with austerities and hardships during the period of industrialization. Nevertheless, these difficulties must and can be overcome.

It is necessary to educate members of the Party and the people as a whole so that they will realize the vital importance of socialist industrialization, that socialist industrialization serves the highest interest of the people and that all their partial and temporary interests must be subordinated to it.

We should criticize all erroneous ideas which run counter to the Party's general line, such as the idea that there is no need for the industrialization of our country, that there is no reason for getting it started so soon, that the tempo of industrialization should slow down, that it need not start with the development of heavy industry as the central task, that it does not benefit the peasants and the mass of the people, and that with the Soviet Union helping us industrialization is not so important after all. On the other hand, we must criticize

impracticable and adventuristic ideas to the effect that industrialization should be brought about in a short time instead of over a relatively long period, that what has to be done must be done all at once, that the living standards of the people must be greatly improved right away and that the millennium must be brought about overnight.

Industrialization requires large funds, and Soviet experience shows that these funds can come, in the main, only from internal accumulation in the national economy, and primarily in the industries themselves. Stalin said: "That is to find funds for industry out of our own savings, the way of socialist accumulation, to which Comrade Lenin repeatedly drew attention as the only way of industrializing our country." *(The Economic Situation of the Soviet Union and the Policy of the Party)*

Socialist industrialization of the country makes a call upon the people to raise their labour productivity, to exert themselves for increased output, to practise strict economy, and to carry out business accounting, as means of accumulating the funds needed for industrialization. This, coupled with the fact that agriculture and the light industries producing consumer goods cannot over a short period fully satisfy the needs of the people, necessarily imposes certain limitations on improving the living standards of the people. Such improvements must come in the wake of development of production and their tempo must be slower than that of the latter.

During the period when they were struggling for the industrialization of their country the Soviet people were willing "to make sacrifices and to exercise the most rigorous economy in everything; it was necessary to economize on food, on schools, on textiles in order to accumulate the funds required for building up industry." *(Stalin: Address to the Graduates from the Red Army Academies,* delivered in the Kremlin, May 4, 1935.)

We should learn from that example given by the Soviet people. We must carry on and further develop those fine traditions of struggling against hardships, of making sacrifices heroically, of maintaining close unity and observing discipline, and of fearlessly overcoming difficulties, which the Communist Party of China, the People's Liberation Army, the Chinese People's Volunteers and the Chinese working people have shown during the three revolutionary civil wars, the War of Resistance to Japanese Aggression and the struggle to resist U.S. aggression and aid Korea, in order to build our industry.

III. THE STATE WILL GRADUALLY BRING ABOUT THE SOCIALIST TRANSFORMATION OF AGRICULTURE AND HANDICRAFTS

(1) The successful completion of land reform freed the productive forces of our agriculture from the system of feudal exploitation. Yet, the small peasant economy still occupied a dominant position. This type of economy is scattered and backward: each household constitutes a productive unit; land is cultivated in small plots; farm implements are obsolete; and as the use of farming machinery and new farming methods is out of the question, cultivation depends on manual labour and draught animals. The result is that yields are low, and it is impossible to rapidly extend the area under cultivation or increase production.

Although the output of foodstuffs in our country in 1952 had increased by 45 per cent as compared with 1949, this meant that when distributed among the whole population, each person could only get just over 500 catties of grain a year, whereas in the Soviet Union the per capita output in 1952 was over 1,300 catties.

A small peasant economy is helpless against natural calamities. At the present time we still have from 20

to 40 million peasants who suffer every year in varying degrees from natural calamities. Tied to a small peasant economy, many peasants do not produce enough and cannot support themselves; the difficulties facing widows, widowers and orphans as well as peasant households lacking labour power have not yet been completely solved. At present, in many of our rural areas generally about 10 per cent of the peasant households do not have enough grain and need help. Small peasant economy, rooted in private ownership of the means of production by the working peasants, restricts the development of the productive forces in agriculture and cannot satisfy the ever-increasing needs of the people and demands of industrialization for foodstuffs and industrial crops. Small peasant economy, scattered in character like small-commodity production, cannot keep in step with the planned economic construction of the country. As industrialization goes ahead, the contradiction between small peasant economy and socialist industrialization becomes more and more acute. Moreover, small peasant economy is unstable; there is always the tendency for the peasantry to differentiate into rich and poor: some, victims of natural calamities and misfortune, are impoverished and go bankrupt while others resort to exploitation by speculation, money-lending and hiring labour. Unless the small peasant economy is transformed along socialist lines, a handful of people in the countryside will turn into rich-peasant exploiters while the majority will be condemned to poverty and even bankruptcy. It is necessary, therefore, to gradually transform our agriculture according to socialist principles so that it will be changed from a small-scale, backward, individualized one into a large-scale, advanced and collectivized one. Tractors and other farm machinery, chemical fertilizer and scientific methods of cultivation must be used, irrigation mechanized and water conser-

vancy projects developed. Furthermore, we must extend the area under cultivation, reclaim large tracts of land that are sparsely inhabited and settle people there. In this way we can increase agricultural production, answer the needs of planned economic construction and the development of industrialization, and gradually raise the living standards of the peasants as a whole. Stalin said:

> "Can the Soviet government and the work of socialist construction be, for any length of time, based on two *different* foundations: on the foundation of the most large-scale and concentrated socialist industry and on the foundation of the most scattered and backward, small-commodity peasant farming? No, they cannot. Sooner or later this would be bound to end in the complete collapse of the whole national economy. What, then, is the solution? The solution lies in enlarging the agricultural units, in making agriculture capable of accumulation, of expanded reproduction, and in thus changing the agricultural base of our national economy. But how are the agricultural units to be enlarged? There are two ways of doing this. There is the *capitalist* way, which is to enlarge the agricultural units by introducing capitalism in agriculture — a way which leads to the impoverishment of the peasantry and to the development of capitalist enterprises in agriculture. We reject this way as incompatible with the Soviet economic system. There is a second way: the *socialist* way, which is to set up collective farms and state farms, the way which leads to the amalgamation of the small peasant farms into large collective farms, technically and scientifically equipped, and to the squeezing out of the capitalist elements from agriculture. We are in favour of this second way."
>
> *(Stalin: Problems of Agrarian Policy in the U.S.S.R.)*

So it is with us. The socialist way is the only way out for our agriculture.

(2) To carry out socialist transformation of agriculture, we must take the path of co-operation. We must rely on the poor peasants (including those who have become new middle peasants since land reform); firmly unite with the middle peasants; gradually develop mutual aid and co-operation; restrict exploitation by rich peasants and gradually eliminate this exploitation.

From now on, the central task of the Party in the countryside is to carry forward the movement of mutual aid and co-operation in agriculture and constantly enlarge its productive forces. To this end, the peasant masses should be educated and encouraged, by means of measures and explanations which they can understand and accept, to gradually organize themselves, so that the backward, individual economy which is capable only of small-scale production may be changed into an advanced, co-operative economy capable of large-scale production.

The path which the peasants will take in gradually organizing themselves for production is as follows: organization of temporary mutual-aid teams (which represent a simple form of collective labour) and of year-round mutual-aid teams (in which there is a certain division of labour and assignment of specific work on the basis of collective labour and a small amount of commonly-owned property); then the organization of agricultural producers' co-operatives (in which the members pool their land as shares and there is unified management and a greater amount of commonly-owned property); and finally the organization of agricultural producers' co-operatives of a still higher form (collective farms which are completely socialist in character and based on the peasants' collective ownership of the means of production). This way of developing agricultural co-operation, from a type which has only an em-

bryo of socialism through the type which contains more socialist elements and finally to the type which is completely socialist in character, is the way in which we intend to gradually carry out the socialist transformation of agriculture.

Though only recently established, agricultural producers' co-operatives everywhere in the country have already proved their superiority in many ways and their important role. For instance, they are able to solve certain contradictions existing within the mutual-aid teams, particularly the contradiction between collective labour and dispersed management; they are able to greatly increase labour productivity; to effectively and steadily carry out expanded reproduction in agriculture; to co-ordinate their activities in a planned way with the needs of the national economy; to become schools of collectivism and patriotism for the peasants and so on. This is why agricultural producers' co-operatives are an appropriate form of organization for guiding the peasants along the road to co-operatives of a still higher form which are completely socialist in character — collective farms.

In addition to co-operation in agricultural production, we must have co-operation in supply and marketing. All that the peasants buy and sell must gradually be handled by the co-operatives instead of private merchants. In this way, we will be able to sever the link between the peasants and the bourgeoisie, protect the peasants from exploitation by private merchants, and also prevent the peasants themselves from turning into private merchants and fleecing others. At the same time, the state will grant loans, develop credit co-operatives and make use of these to guide the peasants in the struggle against extortionate money-lenders in the countryside, with a view to gradually eliminating usury. All these measures are aimed at restricting the development of capitalism in the countryside, and par-

ticularly at clipping the wings of the rich peasants. At present, the Party's policy with regard to the rich peasants is still to restrict them rather than to eliminate them as a class. Therefore, we should take various steps to combat exploitation by rich peasants. Such exploitation will not be prohibited by law but in practice it will not be allowed to have its own way.

The development of agricultural co-operation is the main method of restricting capitalism in the countryside and increasing agricultural production. In developing agricultural co-operation, we must persist in consolidating the alliance between the poor and middle peasants, adhere to the principle that the peasants join co-operatives of their own free will, and oppose subjectivism and commandism. We must use persuasion, set good examples and provide state assistance to induce the peasants to organize themselves on a voluntary basis. It is wrong to attempt to push forward agricultural co-operation simply by issuing a call from above or by compelling the peasants to obey orders. As to peasants who at the moment are unwilling to join the movement for mutual aid and co-operation and who are still working their land individually, we must show them warm-hearted consideration, give them help and patiently educate them, encourage whatever enthusiasm for production they show, give them necessary loans and technical assistance, and help them overcome their difficulties. This will enable them to feel the advantages of mutual aid and co-operation and see with their own eyes that mutual aid and co-operation is better than working on their own. In this way, they may be induced gradually to join the mutual-aid teams and co-operatives. Commands, forcible measures and any attempt to expropriate the peasants in order to push forward agricultural co-operation will get us nowhere, and will themselves constitute a criminal act undermining the worker-peasant alliance. Lenin said:

"It would be absolutely absurd to attempt to reshape these farms in any rapid way, by order or by action from outside. We fully realize that one can influence the millions of small peasant farms only gradually and cautiously and only by a successful practical example. For the peasants are far too practical and cling far too tenaciously to the old methods of agriculture to consent to any serious change merely on the basis of advice or the indications contained in books. That is impossible, ay, and it would be absurd."

(Lenin: Speech at the First Congress of Agricultural Communes and Agricultural Artels)

On the other hand, we must not let things run their own course with regard to the socialist transformation of agriculture. Unless socialism captures the positions in the countryside, capitalism will capture them. We must, therefore, give active leadership and steadily lead the peasants forward. At present there are over 47,900,000 peasant households (constituting 43 per cent of the total number of households in the countryside) which have joined either temporary or year-round mutual-aid teams or agricultural producers' co-operatives. Among these there are over 14,000 agricultural producers' co-operatives with over 273,000 peasant households as their members. The Decisions on Development of Agricultural Producers' Co-operatives adopted by the Central Committee of the Communist Party of China directed that about 800,000 agricultural producers' co-operatives be established by the end of the First Five-Year Plan, that is, by 1957, when about 20 per cent of all the peasant households in China will have joined agricultural producers' co-operatives.

(3) In carrying out the socialist industrialization of the country and the socialist transformation of agricul-

ture, the planned purchase and supply of grain and other important farm products by the state are of great significance. Along with the growth of industrialization, the number of workers and urban population has increased, the area for the cultivation of industrial crops has expanded, and there is a rapid increase in the need for marketable grain and other foodstuffs such as vegetables, oil and fat, meat and sugar. Since small peasant economy is the basis of China's agriculture, the rate of increase of marketable grain and other farm produce is extremely slow. In addition, owing to the existence of a free market and profiteering by speculating merchants, the peasants tend to hold back their products and wait for better price, thus affecting the state's purchasing plan. The implementation of the policy of planned purchase and supply of farm products such as grain will ensure that the needs of the state and supplies to the people will be met, prices will be stabilized and economic construction safeguarded. It will deal blows to speculating merchants and those exploiters who hoard and profiteer. It will link the individual interests of the peasants with the common interests of the state and the people; it will also link the immediate interests of the peasants with their long-range interests. The planned purchase and supply of grain, having, in the main, abolished the free grain market, will help to weaken the influence of the bourgeoisie on the peasants and loosen the ties between them, strengthen the links and co-operation between the peasants and socialist economy, lead the peasants to abandon the path of capitalism and actively take the socialist path of mutual aid and co-operation.

(4) The worker-peasant alliance during the transition period in our country must be based on the principle that the working class leads the peasants on to the road of socialism. Stalin said:

"The alliance of the workers and peasants under the conditions of the dictatorship of the proletariat should not be viewed as an ordinary alliance. It is a special form of class alliance between the working class and the labouring masses of the peasantry which sets itself the object: (a) of strengthening the position of the working class; (b) of ensuring the leading role of the working class within this alliance; (c) of abolishing classes and class society."

(Stalin: On the Grain Front)

This also applies to our country. To bring about the socialist industrialization of our country we must produce more food and more industrial raw materials. So it is essential for us to help the peasants increase agricultural production, push ahead the movement for mutual aid and co-operation in agriculture and raise their standards of living. Otherwise industry cannot grow at a rapid pace. To develop and transform agriculture, it is also necessary to introduce gradually modern farming techniques, in addition to adopting, step by step, new ways of organizing work and making a gradual change from the old system of ownership to a new system of ownership. We must introduce such new techniques into agriculture, particularly if we want to achieve complete success in the socialist transformation of agriculture and thoroughly wipe out the capitalist positions in the countryside. That is why, to develop and transform agriculture, we must concentrate our strength on developing industry, especially heavy industry. If we fail to do so, we will not be able to produce new-type farm implements and other farming machinery, or chemical fertilizer on a large scale. Consequently agricultural production will not increase at a rapid rate and the socialist transformation of agriculture will not achieve complete victory. Thus the new economic basis of the worker-peasant alliance in the transition period

lies in the development of industry which, in turn, will further help transform and improve agriculture by supplying it with new techniques.

The peasants of our country have been the reliable ally of the working class in the fight against imperialism and feudalism in the past; they will remain so in the struggle to build our country into a great land of socialism. This is the main, the fundamental aspect of our peasantry. But since both the small-commodity economy of the peasants and capitalist economy are built on the private ownership of means of production, the peasants show a spontaneous tendency to develop towards capitalism. This is the backward aspect of the peasantry. At the present time the growth of this spontaneous tendency in the countryside manifests itself in a certain increase of differentiation of the peasantry into rich and poor and in a certain increase in speculation and exploitation through usury. It also finds expression in the reluctance of certain well-to-do peasants to join the mutual-aid and co-operative movement or to sell their surplus grain to the state. If this spontaneous tendency is allowed to grow unchecked, capitalism's foothold in the countryside will be strengthened and the position of socialism weakened. Lenin said:

> "As a toiler the peasant gravitates towards socialism, and prefers the dictatorship of the workers to the dictatorship of the bourgeoisie. As a seller of grain, the peasant gravitates towards the bourgeoisie, towards freedom of trade, i.e., back to the 'habitual,' old, 'time-hallowed' capitalism."
>
> *(Lenin: Greetings to the Hungarian Workers)*

Lenin also said:

> "Peasant economy has . . . an extremely broad and very profoundly and firmly rooted basis for capitalism. On this basis capitalism persists and

arises anew in a bitter struggle with communism. The forms of this struggle are bag-trading and profiteering as against state procurement of grain (and other products) and state distribution of products in general."

(Lenin: Economics and Politics in the Era of Dictatorship of the Proletariat)

To carry out the socialist transformation of agriculture and consolidate the worker-peasant alliance, it is necessary for us to strengthen the leadership of the working class, to be patient and tenacious in doing economic and political work to overcome the spontaneous tendency towards capitalism on the part of the peasants and enhance their socialist consciousness. Stalin said:

"We shall do everything in our power to raise the political understanding of the peasants, to enlighten them, to bring them closer to the working class, the leader of our revolution — and we shall see to it that the peasantry becomes the ever firmer and ever more reliable ally of the proletariat in our country."

(Stalin: The Peasantry as an Ally of the Working Class)

Comrade Mao Tse-tung pointed out:

"The education of the peasantry is a serious problem. As peasant economy is decentralized, the socialization of agriculture, according to the Soviet Union's experience, will require a long time and much painstaking work. Without the socialization of agriculture there can be no complete and consolidated socialism."

(Mao Tse-tung: On People's Democratic Dictatorship)

Capitalism in agriculture turns a few into exploiters and reduces the great majority of peasants to the depths of suffering, leaving them poor or bankrupt, while so-

cialism is the only road along which production increases rapidly and prosperity comes to all the peasants. Once the peasants understand what is involved, they will move in the direction of socialism and reject capitalism.

(5) Handicraft production constitutes quite a big part of our national economy. According to preliminary estimates by the State Statistical Bureau, handicraft output (including both individual handicraftsmen and handicraft workshops) in 1952 was valued at about a hundred million million yuan,[1] about 13 per cent of the total value of China's industrial and agricultural production. If we also take into account the products of the peasants' cottage industries, then the value of handicraft production amounts to more than 20 per cent of the total value of industrial and agricultural production. There were more than 10 million handicraft workers and independent handicraftsmen in towns and villages throughout China. At the present time handicrafts supply the people with many kinds of means of production and consumer goods, such as metal and wooden goods (mainly farm tools), textiles, clothing, etc. At the present stage handicraft production supplies the peasants with 60 to 70 per cent and sometimes even 80 per cent of their means of production and consumer goods. As we are not yet in a position to expand modern light industry on a large scale and as the people's purchasing power and need for daily necessities rises day by day, a large number of handicrafts, with the exception of those which have already been replaced by machine industry, are still needed and there is plenty of room for expansion. Even under socialism, handicrafts will continue to be an essential auxiliary to machine industry.

Scattered individual handicraft production, however, is extremely backward and cannot employ new tech-

[1]Figures given here and elsewhere in this article are in terms of the old currency. The new yuan which was introduced on March 1, 1955, is valued at the rate of 1 to 10,000 of the old.

niques; it will meet insurmountable difficulties in production and marketing and cannot avoid being exploited by private merchants. Furthermore, individual handicraft production belongs to the category of small-commodity economy and is therefore unstable. If it is allowed to develop spontaneously, it will also take the path of capitalism. In that case, a few will get rich while the majority will be reduced to abject poverty. We must, therefore, carry out the socialist transformation of individual handicrafts and guide the handicraft workers on to the path of socialism. The socialist transformation of individual handicrafts is an integral part of the Party's general line and central task during the transition period.

The socialist transformation of individual farming, which transforms the private ownership by the toiling peasants into collective ownership, is effected through co-operation. The same means is used to bring about the socialist transformation of individual handicrafts, which transforms individual ownership by handicraftsmen into collective ownership. The gradual organization of the handicraft workers into various forms of handicraft co-operatives (handicraft production groups, handicraft producers' supply and marketing co-operatives and handicraft producers' co-operatives) is the only way to bring about the socialist transformation of handicrafts. According to the statistics and estimates of the Federation of Co-operatives, by the end of 1953 there were about 300,000 members of handicraft producers' co-operatives producing goods valued at over five million million yuan; but by the end of 1954 the membership of various forms of handicraft co-operatives is expected to rise to 910,000 and the value of their production to 10 million million yuan. The superiority of the existing handicraft co-operatives in China is clearly evident when compared with individual handicraft production.

The handicraftsman being at once a toiler and a property owner, it is necessary for us to use persuasion, set good examples and provide state assistance in order to raise the socialist consciousness of the handicraft workers and help them organize themselves on a voluntary basis into handicraft co-operatives. State trading organizations and supply and marketing co-operatives must maintain close contact with handicraft producers, supply them with the raw materials they need and market the products they produce. By thus supplying them with raw materials and marketing their products, we can help the handicraft workers get themselves organized.

IV. THE STATE WILL GRADUALLY CARRY THROUGH THE SOCIALIST TRANSFORMATION OF CAPITALIST INDUSTRY AND COMMERCE

(1) Over a certain period of time capitalist industry and commerce in China will have a positive as well as a negative side. Their positive side is beneficial to the national welfare and livelihood of the people while their negative side is harmful to the national welfare and livelihood of the people.

Since the founding of the People's Republic of China, the Communist Party of China has adopted a policy of using, restricting and transforming capitalist industry and commerce, that is, a policy of making use of their positive side which is beneficial to the national welfare and livelihood of the people, restricting their negative side which is harmful to the national welfare and livelihood of the people, and gradually carrying out the socialist transformation of capitalist industry and commerce. It is necessary to make use of the positive side because private capitalism in China still constitutes an important factor which cannot be overlooked. In 1952, capitalist industry and commerce had about 3,800,000

workers and employees, and the goods produced by capitalist industry accounted for about 40 per cent of the total value of industrial output.

Because the economy of our country is still quite backward and socialist industry and commerce are in no position to quickly replace capitalist industry and commerce, we still have to use the positive side of capitalist industry and commerce as much as possible for a relatively long period after the victory of the revolution. This will help increase the supply of industrial goods, speed up the accumulation of funds for the socialist industrialization of the country (tax revenue and public reserve funds), expand the circulation of commodities, maintain employment and train skilled workers and management personnel, for the development of the national economy. Nevertheless, we must restrict capitalist industry and commerce because their profit-seeking nature is bound to have a disruptive effect on the national welfare and livelihood of the people. The socialist transformation of capitalist industry and commerce by the state is necessary because there are insoluble contradictions between capitalist ownership and socialist ownership, between the capitalist form of ownership and the social character of capitalist production, between the anarchy of capitalist production and the planned economic construction of the state, and between the workers and the capitalists in capitalist enterprises.

Owing to these contradictions, the utilization rate of equipment and labour productivity in capitalist enterprises are low, costs are high, much of the capital is wasted and the capacity for expanded reproduction is negligible or non-existent. Consequently the supply of industrial goods in the market cannot keep pace with demand and this tends to disrupt the state plan. If we do not bring about a change, these productive forces of society, which are quite large, will not be able to develop sufficiently in a reasonable way to meet the needs of

the country and improve the livelihood of the people; furthermore, we will not be able to fully realize the socialist industrialization of our country.

It is possible for the state to carry out the socialist transformation of capitalist industry and commerce because we have established the state power of people's democratic dictatorship led by the working class; this state power has established a strong socialist sector in the form of state-owned enterprises which controls the economic life of the country. It is possible, furthermore, because the national bourgeoisie, fostered in a semi-feudal and semi-colonial society, is comparatively weak on the one hand and, on the other, having suffered all along from imperialist, feudal and bureaucrat-capitalist restrictions and oppression, it often adopted a neutral attitude towards the new-democratic revolution. A part of its representatives even participated to a certain extent in the revolutionary struggle at certain periods, and after the victory of the new-democratic revolution the national bourgeoisie recognized the leading position of the working class. At the same time, during the past few years, the overwhelming superiority of socialist economy, the disadvantages of capitalist economy when contrasted with the former, its irrational aspects and the harm it does to the national welfare and the people's livelihood, have become more and more obvious. As a result, people all over the country and, particularly, the workers and employees in capitalist concerns all demand the socialist transformation of capitalist economy. Many people associated with capitalist enterprises and circles have also come step by step to realize that the coming of socialism is indeed a foregone conclusion and fully corresponds to the general hopes of the people. Therefore, it is both necessary and possible for us to undertake the transformation of capitalist industry and commerce so as to build China into a great socialist country. This can be done by taking

definite, though gradual, steps over a relatively long period, so as eventually to eliminate the private capitalist ownership of the means of production.

(2) The first step the state takes to bring about the socialist transformation of capitalist industry and commerce is to draw private capitalism into the orbit of state capitalism by means of its supervision and control of private capitalism and through the association and co-operation of the state sector of the economy with private capitalism. The nature and function of state capitalism is determined by the nature of the state. Lenin made the following statement on state capitalism in the Soviet Union after the October Revolution:

> "State capitalism is capitalism which we shall be able to restrict, the limits of which we shall be able to fix. This state capitalism is connected with the state, and the state is the workers; it is the advanced section of the workers, it is the vanguard, it is ourselves."
>
> *(Lenin: Political Report of the Central Committee to the Eleventh Congress of the R.C.P.(B.))*

In the same way, state capitalism under the people's democratic dictatorship of our country is a kind of capitalist economy which is connected and co-operates with the socialist, state sector of the economy in various ways, and is under the control of the people's government and the supervision of the working class. This type of state-capitalist economy is no longer the same pre-liberation capitalist economy. It produces chiefly for the needs of the state and the people, and the capitalists can no longer do what they please in pursuit of profit. Of course, the workers in state-capitalist enterprises continue to produce some profit for the capitalists, but this only amounts to about one-fourth of the total profit, maining three-fourths going to the state (in income

tax), to the workers (through the welfare fund) and for the expansion of the enterprise (through the public reserve fund — which includes a small portion used to produce profits for the capitalists).

This type of capitalism is, therefore, not capitalism in the usual sense of the word. It is a special type of capitalism, a new type of state capitalism which comes under the leadership of the working class. Some state-capitalist enterprises carry within themselves, in varying degrees, certain characteristics of socialism. It must be pointed out, however, that at present not all, nor even a majority, of capitalist factories have yet reached this stage. No, not yet. It will take several more years' efforts to achieve this, but there is no doubt whatsoever that this will be done.

State capitalism in China takes various forms, depending much upon the degree of leadership given by the socialist, state sector of the economy and upon the supervision given by the state and the working class. It includes the higher form of joint state-private management and other forms such as where the state places orders with private enterprises for processing and manufacturing goods, planned purchasing and marketing of the products of private enterprises, partial purchasing of the products of private enterprises, or where the state designates certain merchants to purchase certain commodities for the state or act as its retail distributors and commission agents. The higher form of state-capitalist economy is superior to all other forms of state-capitalist production and management; but all forms of state-capitalist economy are, in varying degrees, superior to private capitalist economy. Lenin said:

> "State capitalism is a step forward compared with the small-proprietor (both small-patriarchal and petty-bourgeois) element. . . . The whole problem — both theoretical and practical — is to find the correct

methods of directing the inevitable (to a certain degree and for a certain time) development of capitalism into the channels of state capitalism; to determine what conditions to surround it with, how to ensure the transformation of state capitalism into socialism in the not distant future."

(Lenin: The Tax in Kind)

In point of fact, state capitalism did not develop to any remarkable extent in the Soviet Union during the transition period. But under the conditions obtaining in China it is of great significance for the state to bring about the transformation of capitalist industry and commerce through state capitalism. We must basically transform all capitalist enterprises which are beneficial to the national welfare and the people's livelihood and are needed by the state into state-capitalist enterprises. We must do this within a definite period of time, step by step and treat each case on its own merit. We must also enable lower forms of state capitalism to develop steadily and according to plan in the direction of the higher form of state capitalism.

With the advance of socialist industrialization and the strengthening of the already advantageous position gained by socialist economy, with state control over the entire national economy made still more secure, with the progress of co-operation in agriculture and handicrafts and the contraction and cutting off of their connections with capitalism, with the increase of the state share in state-capitalist enterprises and a more vigorous control exercised over them by the state, and with a greater understanding of, and aspirations for, socialism on the part of the people, the state will be able to transform state-capitalist economy gradually into socialist economy.

(3) Utilization, restriction and transformation of capitalist industry and commerce is a new form of class struggle between the working class and the bourgeoisie

in the transition period. As we implement this policy of using, restricting and transforming private industry and commerce, we must continue to strengthen our unity with the progressive sections of the bourgeoisie, who are willing to accept socialist transformation and develop production according to the plans of the state. We must continue to maintain alliance with all law-abiding, patriotic elements of the bourgeoisie and improve our work in educating them in the spirit of patriotism and knowledge of state policies. At the same time we must overcome any kind of resistance which capitalists are sure to put up. All this is aimed at safeguarding the success of socialist transformation. When speaking of concessions as one form of state capitalism, Lenin said:

> "Concessions are also a form of struggle, they are the continuation of the class struggle in another form, and under no circumstances are they the substitution of class peace for class war."
>
> *(Lenin: The Tax in Kind)*

Lenin also pointed out:

> "We can and ought to employ two methods *simultaneously,* i.e., the ruthless suppression of the uncultured capitalists, who refuse to have anything to do with 'state capitalism' or to consider any form of compromise, and who continue by means of profiteering, by bribing the poor peasantry, etc., to hinder the application of the measures taken by the Soviets, and the *method of compromise,* or buying off the cultured capitalists, who agree with state capitalism, who are capable of putting it into practice and who are useful to the proletariat as the clever and experienced organizers of the *largest* types of enterprises, which supply commodities to tens of millions of people."
>
> *(Lenin: "Left - Wing" Childishness and Petty-Bourgeois Mentality)*

The method of state capitalism we adopt to transform capitalist industry and commerce is also a kind of buying off the capitalist class because for a number of years the workers in these private enterprises will continue to produce many million millions of yuan in profits for the capitalist class.

(4) In order to bring about the socialist transformation of capitalist industry and commerce, the state sector of our national economy will have to give more active leadership in a variety of ways to private industry and commerce, and the government will have to strengthen control over private industry and commerce. In order to bring about the socialist transformation of capitalist industry and commerce and of agriculture, the state must adopt various effective measures to gradually cut off the connections between the bourgeoisie and the peasantry. In order to bring about the transformation of capitalist industry and commerce, the workers in private capitalist or state-capitalist enterprises should, in accordance with state policy, assist the capitalists to improve management, lower costs, increase the accumulation of capital, and raise production in accordance with the needs and the possibilities. On the other hand, they should exercise supervision over the capitalists to see that they abide by the laws of the state, carry out contracts entered into with the state as well as with the workers, and observe financial regulations laid down by the state. They must also prevent capitalists from engaging in illegal activities aimed to buy over, corrupt and attack the working class; and nip in the bud and expose the "five evil capitalist practices" and acts such as taking capital out of the businesses and wasting capital by law-breaking capitalists. In order to bring about socialist transformation of capitalist industry and commerce by the state, it is necessary to urge and educate the capitalists to accept control by the people's government,

to accept the leadership of the state sector of our national economy and supervision by the workers, and to accept the policy of transformation of capitalist industry and commerce by the state. It is necessary to bring home to them Comrade Mao Tse-tung's words delivered in a speech before the second session of the National Committee of the Chinese People's Political Consultative Conference in June 1950:

> "Once the tests of the war and land reform have been passed, it should be easy to pass the last remaining test — the test of socialism, of carrying out socialist transformation throughout the country. When the time comes for nationalizing private industry and socializing agriculture, the people will never forget those who have made contributions during the revolutionary war, the revolutionary reform of the agrarian system, and during the many years of economic and cultural construction that follow. Such people have a bright future ahead of them. . . . Those people who really wish to serve the people, who give real aid to the people when the latter are in difficulties, who do good deeds and do them consistently without giving up half-way — they will not be rejected by the people and the people's government, there is no reason why they should be, or denied an opportunity to carry on and continue to give service."

V. STRENGTHEN THE PARTY LEADERSHIP, MOBILIZE THE PEOPLE OF THE WHOLE COUNTRY TO CARRY OUT THE PARTY'S GENERAL LINE IN THE TRANSITION PERIOD

(1) To strengthen the Party leadership is a guarantee for the complete success of the general line during the transition period in our country.

The socialist industrialization of the country and the socialist transformation of agriculture, handicrafts, and capitalist industry and commerce cannot be realized without the leadership of the Communist Party of China, armed with the Marxist-Leninist theory of the laws of social development and representing the interests of the working class and, indeed, all working people of China. We must consolidate the Party politically, ideologically and organizationally; the whole Party must strive to do this. Comrade Mao Tse-tung said:

> "Except for the Communist Party, none of the political parties, bourgeois or petty-bourgeois, is equal to the task of leading China's two great revolutions, democratic and socialist, to their complete realization. And the Chinese Communist Party, from the very day of its birth, has placed this twofold task upon its own shoulders. . . .
>
> "A task like this is at once most glorious and most arduous. It cannot be accomplished without a bolshevized Chinese Communist Party of nation-wide scope and broad mass character, fully consolidated ideologically, politically and organizationally. It is therefore the duty of every Communist to take an active part in building up such a Communist Party."
>
> *(Mao Tse-tung: The Chinese Revolution and the Chinese Communist Party)*

To carry out the Party's general line in the transition period, we must intensify politico-ideological education throughout the Party and urge all Party cadres to study Marxism-Leninism, Soviet experience in socialist construction, the general line and various directives of the Party. We must draw into the Party the cream of the working people who have shown socialist consciousness in the course of construction, and so increase the strength of the Party organizationally. We must teach Party members to fight the influence of bourgeois ide-

ology within the Party and struggle against all ideological tendencies that run counter to the Party's general line as we go forward in the socialist transformation of capitalist industry and commerce. We must oppose such acts on the part of Party members as lending out money at interest, hiring labour, buying and renting out land, engaging in trade, participating in commercial speculation, etc. Owing to the high percentage of Party members of small-producer origin, we must, in the course of the socialist transformation of agriculture and handicrafts, overcome any lack of understanding of or wavering on the Party's general line, which has occurred or may occur in the Party. Hence, it is of particular importance to strengthen ideological education in the Party.

To carry out the Party's general line in the transition period, we must develop inner-Party democracy and strengthen discipline and unity in the Party. The essence of inner-Party democracy is to develop the initiative and activity of Party members, sharpen their sense of duty towards the Party's cause and thereby strengthen Party discipline and achieve greater singleness of purpose among Party members. To develop inner-Party democracy, we must perfect the Party committee system, fully develop collective leadership in Party committees at all levels and overcome departmentalism in Party leadership. Collective leadership is the highest organizational principle of our type of party. It can prevent departmentalism and frustrate the illegal activities of careerists within the Party (like Chang Kuo-tao in China and Beria in the Soviet Union). Therefore, we must lay special emphasis on and conscientiously observe the principle of collective leadership in all Party organizations; we must not lay undue or excessive stress on the heroic role of any individual; we must not allow the noble quality of Party members, as expressed in their whole-hearted service to the people, to degenerate into the mean individualism of the bourgeoisie. We must inten-

sify our education of all Party members in Party and state discipline and improve the work of checking up how discipline is observed. We must call on all Party members to study the theories and policies regarding economic construction, and raise their vocational and cultural level in general. All Party cadres working at industrial construction posts must seriously study matters concerning production and acquire a knowledge of science and technology.

(2) Strengthening the people's democratic dictatorship, and our state power under the leadership of the working class and based on the worker-peasant alliance, is of decisive importance to ensure the carrying out of the Party's general line in the transition period. We still face an imperialist encirclement; the imperialists and their lackeys and counter-revolutionary elements hiding in our country will never take their defeat lying down and allow us to proceed smoothly with our economic construction. On the contrary, they are still trying to utilize every opportunity to undermine our cause. Therefore, we must continue to make vigorous efforts to strengthen our national defence. Officers and men of the People's Liberation Army must work hard to build up a strong modern army, navy and air force; they must defend the security of our motherland against all encroachments by the imperialists and their henchmen.

We must strengthen the people's public security forces and organizations, increase the revolutionary vigilance of the people, ruthlessly suppress the disruptive activities of counter-revolutionary elements, and thereby safeguard the smooth progress of our national construction in every field.

Organs of state power must make every effort to organize economic construction and cultural and educational work, and overcome bureaucracy, subjectivism and commandism. Every government worker must do his job with a practical eye to the actual situation, keep in

close contact with the masses and heed their opinions, practise criticism and self-criticism in order to expose and overcome shortcomings, and continuously strive to improve his work. We must train and promote activists from among the workers and peasants and draw the masses of workers and peasants into the building and operation of state power.

(3) The Party's general line in the transition period is the political basis and the banner for uniting the people throughout the country. It lights up the path of progress for all the people. To build China into a great socialist state is an extremely complicated and arduous task. It can be accomplished only through the concerted efforts of all our people. So we must strengthen the ties between the Party and the broad masses of people; strengthen the guidance of the Party over the various people's organizations. In the struggle to carry out the general line, the working class, as the leading class, shoulders an especially heavy responsibility. It gives leadership to all the people through its own party — the Communist Party of China. By its heroic labour and revolutionary consciousness, sense of organization and discipline, and exemplary deeds of hard struggle and self-sacrifice, the working class leads and unites the Chinese people in the march forward.

On the production and construction fronts, the working class should continue to organize patriotic labour emulation on a large scale, strive to fulfil production targets and plans for capital construction, increase production and practise economy, strengthen labour discipline, protect state property, expand and consolidate the system of socialist ownership, and produce more, better and cheaper industrial goods. All this is aimed at developing the productive forces of industry and agriculture, strengthening and consolidating the links between city and countryside and satisfying the ever-growing material and cultural needs of the people.

Workers in capitalist industry and commerce should strive to help the state carry out the socialist transformation of capitalist industry and commerce. The working class must strive to raise the level of its own socialist consciousness, overcome the influence of bourgeois and petty-bourgeois ideas within its ranks (as exemplified by such wrong activities as saving money to buy land, profiteering, running small handicraft shops on the side, and demanding unrealistic wage increases and welfare conditions). It should strive to raise its cultural and technical level.

Peasants should work hard to increase agricultural production, support socialist industrialization with more grain and industrial crops and readily sell to the state their surplus grain and other agricultural products needed by the state. They should actively participate in the movement for mutual aid and co-operation, actively support the policies of the Communist Party and the people's government, overcome the spontaneous tendency to develop towards capitalism characteristic of small producers and step by step take the road to socialism.

Intellectuals should devote greater attention to their study of Marxism-Leninism, arm themselves with advanced scientific knowledge, train cadres for the state, help develop our country's economy and culture and take an active part in national construction.

Our youth should vigorously train themselves to be physically fit, study science, raise their level of political consciousness and prepare themselves to better serve the socialist industrialization of the country.

Our women play a big role in the fight for the realization of the Party's general line. They should raise their level of political consciousness and take an active part in productive work and the work of socialist transformation, for only under socialism can women be fully emancipated.

Our private industrialists and businessmen should make a still greater effort to educate themselves in the spirit of patriotism, abide by the laws and decrees of the government, actively carry on under government guidance such industry and commerce as is beneficial to the national welfare and the people's livelihood. They should be far-sighted and accept the government's policy on the transformation of capitalist industry and commerce.

Trade unions, the Youth League, women's federations, co-operatives, federations of industry and commerce and other people's organizations should, through their organizations, rally their members and the broad masses and educate them in the spirit of the Party's general line and fundamental task during the transition period.

The Communist Party of China must continue to strengthen its unity with the other democratic parties and groups, and with democrats not affiliated to any political party; continue to strengthen the people's democratic united front and raise the level of political understanding of all within the united front.

We must continue to strengthen unity among all nationalities and, by taking into account the concrete conditions of their historical development, help the national minorities to make a steady advance economically, culturally and politically so that they can take part in the construction of our great motherland.

We must continue to strengthen our friendship and co-operation with the Soviet Union and the People's Democracies; actively support the peace movement waged by all peace-loving people of the world to combat the danger of a new war; support the liberation struggles of all oppressed nations and people; and to pursue the policy of peace among nations and of developing international economic and cultural relations. We must educate the people throughout the country so that they

understand that aid from the Soviet Union and the People's Democracies, the mighty solidarity within the camp of peace, democracy and socialism and among all peace-loving people of the world, and the successful development of the struggle in defence of world peace are indispensable conditions for the triumph of socialist construction in China.

In short, we must unite all the forces which we can and must unite, both at home and abroad, to strive to build China into a great socialist land.

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